Document 1

Gase 3:08-cv-01296-LEG-RBB

SAN DIEGO

Filed 07/18/2008 Page 1 of 21

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IIGGS, FLETCHER
& MACK LLP
ATTORNEYS AT LAW
SAN DIEGO

ATI and a portion of the revenue generated by the sales of paintings is attributable
to the Original Certificate's promise of authenticity. ATI obtained a federal
copyright registration for its Original Certificate.

- Defendant FRAME MART is a corporation organized under the laws 2. of California with its principal place of business in Upland, California. FRAME MART is a seller of wall décor and ATI's direct competitor in the sale of original oil on canvas paintings. FRAME MART infringed ATI's copyrights in the Original Certificate by photocopying, reproducing and distributing inferior knock-offs (the "Infringing Certificate") of the Original Certificate. The Infringing Certificate is an exact photocopy of the Original Certificate printed on the same colored, but inferior, paper stock and mimics exactly the Original Certificate. The Original Certificate and the Infringing Certificate pictured together speak for themselves (Exhibit "A"). Defendant FRAME MART has distributed the Infringing Certificate to numerous wholesale, retail and consumer purchasers of paintings throughout the United States, including in this judicial district. FRAME MART also distributes oil paintings with the Infringing Certificate on the worldwide web. On information and belief, defendant's personnel and agents have traveled to and conducted business in this judicial district.
- 3. Upon information and belief, the DOES are residents of and/or doing business in California and have been copying, reproducing and distributing the Infringing Certificate in this judicial district and in interstate commerce. ATI does not yet know the identities of the various DOES. ATI will amend the Complaint to include the names of these persons or entities and to allege their infringing acts when that information is discovered.
- 4. Upon information and belief, the ROES are residents of and/or doing business in California and elsewhere and are customers of FRAME MART. The ROE defendants are wholesale and resale distributors and sellers of paintings that they acquired from FRAME MART to which the Infringing Certificates have been

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attached. The ROE defendants are infringing ATI's copyrights in the Original
Certificate as a result of offering for sale paintings with Infringing Certificates that
the ROE defendants obtained from FRAME MART. ATI does not yet know the
identities of the ROE defendants, but will identify them in discovery.

JURISDICTION AND VENUE

- 5. This action for copyright infringement arises under the Copyright Act of 1976, 17 U.S.C. §§ 101 et seq. (the "Copyright Act").
- 6. This Court has subject matter jurisdiction over ATI's copyright claim pursuant to 28 U.S.C. §§ 1331 and 1338(a).
- 7. This Court has personal jurisdiction over FRAME MART because it operates its headquarters in the State of California from which it has distributed the Infringing Certificate and because it delivers goods to customers within this judicial district from its facilities and website.
- 8. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and (c) and 1400(a).

FACTS

The Original Certificate A.

- ATI's president, Richard Guy, created and composed the Original Certificate in 1995. He composed the text, designed the layout of the text, selected the variety of typeface, arranged the text on the page, created the text and appearance of the stamp in the lower right-hand corner, and selected the formal border in order to create a striking and memorable promise of authenticity to affix to the original oil paintings that ATI sells nationwide and worldwide.
- 10. The Original Certificate employs the repetition of certain words and by its text promises to retailers, consumers and all purchasers of ATI's original oil paintings that "this painting is an original oil painting," "this painting was painted by one artist," "entirely by hand," and verifies "this painting as an Original Hand Painted Oil Painting." In reverse color font, the seal in the lower right-hand corner

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- bears the inscription "CERTIFICATE AUTHENTICITY" which repeats the title of
- the certificate contained in the largest and most distinctive wording "Certificate 2
- Authenticity." The seal also repeats the key text "Original Hand Painted Oil 3
- Painting." The text has cadence and alliteration that is striking and memorable. 4
- 5 ATI renders the Original Certificate on heavy, buff-colored card stock paper and
- affixes it to original hand painted oil canvases that ATI sells in this district and in 6
- interstate commerce. ATI's Original Certificate bears the legend © 2004 in the 7
- 8 lower right-hand corner.
 - For more than two decades, ATI has been widely recognized as one of 11. the country's premier sellers of original oil paintings on canvas, each hand painted
- 11 by a single artist. ATI has built a valuable reputation as a source of original oil
- 12 paintings that have been executed by one artist entirely by hand. ATI has affixed its
- distinctive Original Certificate to paintings which have been distributed widely 13
- throughout the United States. Retailers, consumers and other purchasers associate 14
- the Original Certificate with ATI and it is a valuable statement and assurance of 15
- 16 authenticity.
- 17 12. Modern methods of mass production and "assembly line" methods of
- creating wall décor are well known to retailers, consumers and other purchasers of 18
- 19 canvas paintings in the wall décor market. Over the years ATI's Original
- 20 Certificate has helped distinguish ATI's paintings as original and has enhanced the
- 21 value of ATI's hand painted oil paintings. The Original Certificate has contributed
- 22 to ATI's sales and profitability.

B. FRAME MART's Access

- 13. ATI is the exclusive owner of the copyright in the Original Certificate for which the Registrar of Copyrights issued a Registration Certificate No. VA1-626-458 (Exhibit "B").
- 14. Defendants' access to the Original Certificate cannot be denied. The Court may take notice of the exact replication of the Original Certificate to create

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the Infringing Certificate. Defendants had access to the Original Certificate due to its use in the marketplace where ATI and FRAME MART are direct competitors.

Agents of FRAME MART have seen the Original Certificate at trade 15. shows attended by both FRAME MART and ATI. FRAME MART owners and managers obtained an Original Certificate, placed it in a photocopy machine, and made numerous Infringing Certificates.

FRAME MART's Infringing Conduct C.

- FRAME MART has distributed the Infringing Certificate in connection 16. with the sale of oil paintings from its headquarters' location in Upland, California, and has distributed the Infringing Certificate to retailers, purchasers and other consumers in this judicial district and across the United States.
- FRAME MART has distributed the Infringing Certificate to retailers or resellers in this judicial district and the Infringing Certificate is being used in the sale of FRAME MART's oil paintings in San Diego County.
- The Infringing Certificate has also been distributed via the sales of oil 18. paintings through FRAME MART's website, located at this uniform resource locator ("URL"): http://artframemart.com/cataloge1.htm.
- The Infringing Certificate is a photocopy reproduction of the Original 19. Certificate.
- Customers and consumers have been misled by the defendants' 20. Infringing Certificate to believe that oil paintings offered for sale by defendants were offered by ATI.
- In January 2008 ATI's president, Richard Guy, witnessed FRAME 21. MART distributing the Infringing Certificate in connection with the sale of oil paintings at an exposition in Atlanta, Georgia. Mr. Guy told FRAME MART's agents that they were infringing ATI's copyrights in the Original Certificate and requested that FRAME MART stop distributing the Infringing Certificate. FRAME MART's agents laughed and refused to stop distributing the Infringing Certificates.

- 22. The undersigned counsel for ATI wrote a letter on February 8, 2008 to Joseph Nazar, President of Art and Frame Mart Corporation, at its address at 521 North Mountain Avenue, Suite E, Upland, California, 91786, demanding that FRAME MART cease and desist from using the Infringing Certificates (Exhibit "C"). The letter sent Mr. Nazar the image of the Original Certificate and the Infringing Certificate in the same form as Exhibit A to this complaint so that the President of Art and Frame Mart would have actual, personal knowledge of the infringing conduct and so that he would have an opportunity to stop it. The United States Postal Service confirmed delivery of the letter to FRAME MART on February 12, 2008. Mr. Nazar and the other Defendants ignored the February 8, 2008 letter and did not respond to it.
- 23. In February 2008 ATI personnel witnessed FRAME MART prominently displaying the Infringing Certificate in connection with the sale of oil paintings at one of the country's major home furnishing expositions in Las Vegas, Nevada.
- 24. In May 2008 ATI's personnel witnessed FRAME MART prominently displaying the Infringing Certificate in connection with the sale of oil paintings at one of the country's premier home furnishing expositions in High Point, North Carolina. This is a photograph showing one example of FRAME MART's use of the Infringing Certificate inside its showroom at the High Point home furnishing exposition last May. In this example, FRAME MART prominently displayed the Infringing Certificate on the front, top, left corner of a framed painting of a woman.

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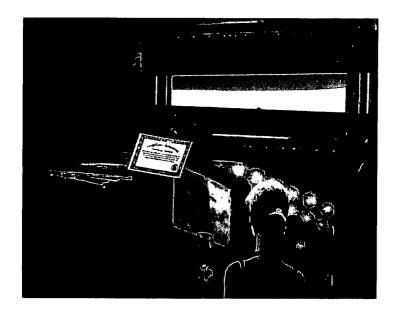
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25. FRAME MART is continuing to distribute the infringing certificate after receiving the cease and desist letter on February 12, 2008.

D. Defendants' Willfulness

- 26. Defendants' photocopying the Original Certificate on the same color paper is the product of conscious, deliberate, and willful infringement for profit by defendants.
- 27. Defendants' conscious business decision to photocopy the Original Certificate to create numerous Infringing Certificates to use in FRAME MART's sales of oil paintings proves FRAME MART's purposeful use of the Original Certificate to increase the value and enhance the marketplace appeal of FRAME MART's oil paintings. Frame Mart's deliberate copying of the Original Certificate and use of Infringing Certificates proves the value of the Original Certificate in the marketplace.
- 28. Defendants' continuing willful infringement of ATI's intellectual property rights is proved by its agents' refusal to cease and desist when requested by Richard Guy, and its refusal to respond to the February 8, 2008 cease and desist letter. Defendants have continued their infringing conduct after receiving visual proof and being notified in writing that the Infringing Certificate is a copy of the

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(Copyright Infringement; 17 U.S.C. §§ 101 et seq.)

COUNT AGAINST ALL DEFENDANTS

Filed 07/18/2008

- Plaintiff repeats and realleges the allegations set forth above in 29. paragraphs 1 through 34.
 - 30. ATI is the exclusive copyright holder of the Original Certificate.
- Each of the defendants had access to the Original Certificate, as proved 31. by the act of photocopying an Original Certificate to create the Infringing Certificates.
- 32. ATI did not grant defendants authority to use the Original Certificate. Defendants' infringement of ATI's Original Certificate violates ATI's exclusive rights in the Original Certificate.
- 33. Each of the defendants knowingly caused, participated in, materially contributed to and derived economic benefit from the infringement of ATI's Original Certificate.
- 34. Each of the defendants specifically including but not limited to FRAME MART's wholesale and retail customers, has wrongfully profited and continues to profit from its infringement of ATI's Original Certificate. Each of the defendant's infringing conduct has caused and continues to cause actual damages to ATI as well as irreparable injury to ATI in an amount that is not yet known. Unless enjoined and restrained, defendants' infringing conduct will cause further irreparable injury, leaving ATI with no adequate remedy at law.
- 35. Defendants' continuation of its unlawful conduct after being warned by ATI in person and after receiving the February 8, 2008 cease and desist letter warrants punishment to deter such willful violations of other people's rights.
- ATI is therefore entitled to injunctive, monetary and other relief, 36. including punitive damages.

WHEREFORE, plaintiff demands a trial by jury pursuant to Rule 38(b) of

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- (a) declaring that each of the defendants has infringed ATI's copyrights in the Original Certificate;
- (b) declaring that the defendants have willfully infringed ATI's copyrights in and to the Original Certificate in violation of the Copyright Act;
- (c) enjoining each of the defendants, and their respective officers, directors, agents, servants, employees, representatives, attorneys, related companies, successors, assigns, and all others in concert or participation with them, from infringing plaintiff's copyrights in the Original Certificate, or any prior and subsequent versions of it;
- (d) ordering the recall and destruction of all copies of the Infringing Certificate in the possession, custody and/or control of defendants;
- (e) awarding ATI the actual damages it has sustained as a result of defendants' copyright infringement and awarding ATI all profits derived by defendants including but not limited to FRAME MART's wholesale and retail customers, as a result of their infringing activities pursuant to 17 U.S.C. § 504(b), plus interest on those amounts;
- (f) ordering defendants including but not limited to FRAME MART's wholesale and retail customers, to account for and disgorge to ATI all gains, profits, and advantages derived by their copyright infringement pursuant to 17 U.S.C. § 504(b), plus interest on those amounts;
- (g) awarding ATI punitive damages based on the defendants' willful infringement; and

HIGGS, FLETCHER & MACK LLP ATTORNEYS AT LAW SAN DIEGO

HIGGS, FLETCHER & MACK LLP

Attorneys for Plaintiff ATI INDUSTRIES, INC.

HIGGS, FLETCHER & MACK LLP ATTORNEYS AT LAW SAN DIEGO

NAME OF THE OWNER, WAS ASSOCIATED TO

AND THE PROPERTY OF THE PARTY O

Certificate Authenticity Gertificate of Authenticity

This Certificate of Authenticity, confirms that this painting is an original oil painting. This painting was painted by one artist entirely by hand. This certificate officially establishes this painting as an Original Hand Painted Oil Painting



Certificate Authenticity

Gertificate of Authenticity

This Certificate of Authenticity, confirms that this painting is an original oil painting. This painting was painted by one artist entirely by hand. This certificate officially establishes this painting as an Original Hand Painted Oil Painting



Certificate of Registration



This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.

Register of Copyrights, United States of America

Registration Number:

VA 1-626-458

Effective date of registration:

February 1, 2008

Title • Title of Work: Small Certificate of Authenticity Nature of Work: Text Completion/Publication • Year of Completion: 2001 Date of 1st Publication: June 1, 2001 Nation of 1st Publication: United States

Author

Author: ATI Industries, Inc.

Author Created: Text

Work made for hire: Yes

Citizen of: United States

Anonymous: No

Pseudonymous: No

Copyright claimant

Copyright Claimant: ATI Industries, Inc.

PO Box 2222, Mission Viejo, CA 92690

Limitation of copyright claim -

Previously registered: No

Certification

Name: Michael J. Hoisington, Esq., authorized agent of ATI

Industries, Inc.

Date: January 30, 2008

Correspondence: Yes

Copyright Office notes: Regarding deposit: year date in copright notice is 2004.



San Diego's Law Firm Since 1939

Thomas W. Ferrell
Partner

tferrell@higgslaw.com D 619.595.4235

February 8, 2008

VIA CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

Joseph Nazar President Art and Frame Mart Corporation 521 North Mountain Avenue, Suite E Upland, CA 91786

Re: CEASE AND DESIST

File No. 105314-00002

Dear Mr. Nazar:

I represent ATI Industries, the owner of all rights to the copyrighted Certificate of Authenticity, a copy of which is attached to this letter (the "Original Certificate"). We have learned that Art and Frame Mart Corporation is reproducing, selling and distributing an identical copy of ATI's Original Certificate (the "Infringing Certificate"). The Infringing Certificate is a poor quality but exact photocopy of ATI Industries' Original Certificate. I have attached images of the Original Certificate and the Infringing Certificate. They speak for themselves.

Your use and distribution of the Infringing Certificate infringes our client's copyright rights under federal and common law. ATI demands that Art and Frame Mart Corporation immediately:

- (1) Cease and desist all sales, distribution, copying or other uses of the Infringing Certificate and that you deliver all unused, undistributed copies of the Infringing Certificate to us for destruction;
- (2) Identify all customers, purchasers, distributors, retailers and anyone else to whom you have delivered the Infringing Certificate;
- (3) Contact all wholesalers, retailers and distributors who have in their inventory or possession any products that display or contain the Infringing Certificate and instruct them

HIGGS FLETCHER & MACK

San Diego's Law Firm Since 1939

Joseph Nazar February 8, 2008 Page 2

immediately to remove all of the Infringing Certificates from commerce and to save them for an accounting;

- (4) Provide a detailed accounting of all sales of any description in which the Infringing Certificate was affixed to any item or was a part of the sale, with a breakdown of the volume and value of sales to each retailer, wholesaler, customer distributor and purchaser; and
- (5) Respond to the undersigned in writing by no later than Wednesday, February 20, 2008 to assure us of your compliance with these demands and to discuss the possible informal resolution of ATI Industries' potential legal claims.

Art and Frame Mart Corporation's continued unlawful use of the Infringing Certificate is damaging our client and must immediately cease. Accordingly, if we do not hear from you by February 20 at 5:00 p.m., we intend to take all steps necessary to protect ATI Industries' rights and interests by initiating a lawsuit against Art and Frame Mart Corporation seeking, among other things, an injunction, an accounting of all sales, compensatory damages, disgorgement of profits, and punitive damages. This demand does not waive any other rights, claims or remedies that ATI Industries may have against Art and Frame Mart Corporation.

Very truly yours,

THOMAS W. FERRELL

of

HIGGS, FLETCHER & MACK LLP

TWF/ldm

cc: ATI Industries

Mitchell B. Dubick, Esq.

Charles F. Reidelbach, Jr., Esq. Michael J. Hoisington, Esq.

Certificate Authenticity Gertificate of Authenticity

This Certificate of Authenticity, confirms that this painting is an original oil painting. This painting was painted by one artist entirely by hand. This certificate officially establishes this painting as an Original Hand Painted Oil Painting



Gertificate Authenticity

Gertificate of Authenticity

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY					
 Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mallpiece, or on the front if space permits. 	A. Signature X					
Article Addressed to:	D. Is delivery address different from item 1 Yes If YES, enter delivery address below:					
Joseph Nazar Avt + Frame Mart Corp. 521 N. Monutain Ave. *E	. (5					
1 521 N. Monutain Ave. *E. Upland, CA 91786	3. Service Type Certified Mall Express Mall Registered Insured Mall C.O.D.					
	4. Restricted Delivery? (Extra Fee) Yes					
2. Article Number 7004 075	0 0001 545P 1778					
PS Form 3811, February 2004 Domestic Ret	turn Receipt 102595-02-M-1540					

::ODMA\PCDOCS\WORDPERFECT\22816\1 January 24, 2000 (3:10pm)

\$350.00 PB of

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA SAN DIEGO DIVISION

153162 - MB * * C O P Y * * July 18, 2008 16:21:26

Civ Fil Non-Pris

USAO #.: 08CV1296 CIVIL FILING

Judge..: IRMA E GONZALEZ

Amount.:

\$350.00 CK

Check#.: BC22939

Total-> \$350.00

FROM: ATI INDUSTRIES INC VS ART & FRAME MART COPR AO 121 (6/90)

TO: Register of Copyrights Copyright Office Library of Congress Washington, D.C. 20559 REPORT ON THE FILING OR DETERMINATION OF AN ACTION OR APPEAL REGARDING A COPYRIGHT

In compliance with the provisions of 17 U.S.C. 508, you are hereby advised that a court action or appeal has been filed on the following copyright(s):

following copyright(s):								
X ACTION	APPEAL	COURT NAME AND I	LOCATION					
DOCKET NO.	OCKET NO. DATE FILED		United States District Court, Southern District of California					
08CV1296-IEG RBB 7/18/08		880 Front Street, Room 4290						
		San Diego, CA 92101-8900						
PLAINTIFF		DEFENDANT						
ATI Industries, Inc.		Art and Frame Mart Corporation; DOES 1-10; ROES 1-100						
COPYRIGHT REGISTRATION NO.	TITLE (OF WORK	AUTHOR OF WORK					
1 VA1-626-458	Small Certificate of Aut	hority	ATI Industries, Inc.					
2								
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In t	he above-entitled case, th	e following copyright(s)	have been included:					
DATE INCLUDED	INCLUDED BY Amendment	Answer	Cross Bill Other Pleading					
COPYRIGHT TITLE REGISTRATION NO.		OF WORK	AUTHOR OF WORK					
1								
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In the above-entitled case,a final decision was rendered on the date entered below. A copy of the order or judgment together with the written opinion, if any, of the court is attached.								
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In the above-entitled case,a fina COPY ATTACHED	the written opinio							
	WRITTEN OPIN	on, if any, of the court is a	attached.					

Copy 1 - Upon initiation of action, mail this copy to Register of Copyrights Copy 2 - Upon filing of document adding copyrights, mail this copy to Register of Copyrights

Copy 3 - Upon termination of action, mail this copy to Registrer of Copyrights Copy 4 - In the event of appeal, forward this copy to the Appellate Court so they can prepare a new AO 279 for the appeal